

Honolulu, Hawaii

APR 05 , 2024

RE: S.B. No. 2342
S.D. 2
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2342, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend:
 - (A) The penalties for repeated traffic violations, reckless driving violations, and violations of excessive speeding;
 - (B) The penalties for driving without motor vehicle liability insurance; and
 - (C) Motor vehicle insurance minimums to protect residents from repeat offenders; and
- (2) Require the Insurance Commissioner to solicit rate filings from motor vehicle insurers for the amended motor vehicle insurance minimums in two stages, with the first stage for policies taking effect on or after



July 1, 2025, and the second stage for policies taking effect on or after January 1, 2027.

Your Committee received testimony in support of this measure from the Department of the Prosecuting Attorney of the City and County of Honolulu; Hawaii Association for Justice; and six individuals. Your Committee received testimony in opposition to this measure from the American Property Casualty Insurance Association of America; Hertz; and State Farm Mutual Automobile Insurance Company. Your Committee received comments on this measure from the Department of the Attorney General; Department of Commerce and Consumer Affairs; Hawaii Insurers Council; Turo; and one individual.

Your Committee finds that traffic fatalities and injuries in Hawaii have increased, with a record high of one hundred seventeen traffic fatalities and five hundred seventy serious traffic-related injuries in 2022. In the first six months of 2023, Hawaii had forty-three traffic fatalities, with two deaths occurring immediately outside of public schools. Your Committee recognizes that these tragic events demonstrate the need for greater safeguards and deterrents to improve safety on Hawaii's streets and better protect Hawaii residents. This measure increases the penalties for various violations to create a greater deterrent to dangerous driving behaviors.

Your Committee notes that this measure increases the penalty for a third offense of excessive speeding within a five-year period to be no fewer than thirty days and no more than ninety days. However, as identified by the Department of the Attorney General in the Department's written testimony before your Committee, this penalty is in conflict with the offense's classification as a petty misdemeanor, which, under the Hawaii Penal Code, is specified to be punishable by up to thirty days in prison. The Department has offered to draft language to resolve this conflict and your Committee anticipates this draft language will be available for conference.

Your Committee further notes that the Insurance Commissioner, in his written testimony before your Committee, requested that the proposed motor vehicle insurance minimums that are to take effect on January 1, 2027, be deleted from the measure and be revisited at a later date, after determining the impact of the initial increases to the motor vehicle insurance minimums.



Lastly, your Committee notes that the impact of the increases to the motor vehicle insurance minimums proposed by this measure is unclear since consumers may opt to purchase motor vehicle insurance coverage in excess of the statutorily required minimums. It may be prudent for the Insurance Division of the Department of Commerce and Consumer Affairs to gather data to determine the number of persons that would be impacted by such an increase.

Your Committee has amended this measure by:

- (1) Deleting the second stage of rate filing solicitations to be conducted by the Insurance Commissioner;
- (2) Inserting a savings clause;
- (3) Changing the effective date for the rate filing solicitations to be conducted by the Insurance Commissioner to January 1, 2026; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2342, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2342, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASHIMA, Chair



